

# NEW MEXICO PUBLIC REGULATION COMMISSION

## Commissioners

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September 14, 2011

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12th Street SW  
Washington, D.C. 20554

Re: *Universal Service Intercarrier Compensation Transformation Proceeding, WC 10-90, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, and WC Docket No. 03-109*

Dear Ms. Dortch and Commissioners of the FCC:

As a New Mexico commissioner, I have contributed to the ex-parte Joint Recommendations of the Early Adopter States (KS, WY, NM, NB, MI) that advise the FCC that it is unfair and improper to assign access restructuring costs to customers in our states through new or increased "subscriber line charges" (SLCs). Now, I also write to express my personal opposition to the adoption of any inter-carrier compensation restructuring solution that involves new or increased SLCs and suggest that there is a much simpler and better alternative:

reduce access fees to the appropriate levels with sufficient advance warning and let the local exchange carriers deal with the revenue reductions by raising their rates (or not).

FCC Commissioners surely know as well as state commissioners that the public does not understand the SLC line on their phone bill. Many misunderstand the SLC to be some sort of government-imposed redistributive surcharge like the USF, or even a government-imposed tax. But consumers' misunderstanding of where the money on their telephone bills goes is not the worst of it. The current SLCs are a real barrier to consumers' ability to effectively compare prices between various telecom offerings and thus result in sub-optimal competition in the voice phone market. Increasing the net SLC for a new round of access charge reductions will make this worse.

Today's telecom environment is far different from the 1990s when SLCs were first used to rebalance carrier revenue for the initial rounds of access charge reductions. In many states, ILECs are partly or completely price deregulated. Even where ILECs are still regulated, as a practical matter prices for higher-end phone services are set by market competition with unregulated providers. (Of course, there are still markets characterized by geography and/or service requirements that are not yet competitive, especially in rural states like New Mexico.)

Industry and its regulators can be proud of the successful evolution of market competition, which brings substantial benefits to customers and makes regulation increasingly less needed. Let these markets work. Let deregulated carriers and carriers whose prices are constrained by market competition decide how much of lost access revenue they can or should recover through increased local exchange rates.

In those markets where ILEC rates are still regulated by state commissions, either based on cost of service or price-cap regulation, given enough advance notice of impending access charge decreases, ILECs can apply to their states for rate increases to compensate for lost access revenues. State commissions know how to address questions like this effectively and fairly, and there is no legitimate basis to pre-empt this traditional state commission function. There are of course illegitimate bases for pre-empting state price regulation of ILECs in non-competitive markets, such as the ability to enrich companies through across the board rate increases (SLCs) that facts might not justify on a case by case basis.

My proposed approach would simply and appropriately deal with the concerns of early adopter states that their customers not be double-charged, when they are already paying most or all of the costs of replacing revenue lost when intrastate access fees move towards interstate levels.

As an outsider looking in over the past few years, the Washington debate over intercarrier compensation reform has looked like a battle between wolves over who gets what part of the sheep. I urge the FCC to regulate in the public interest and give effect to the interests of consumers.

Sincerely,

A handwritten signature in black ink that reads "Jason Marks". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

Jason Marks